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CHINA CHUNLAI EDUCATION GROUP CO., LTD.

中國春來教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1969)

MAJOR TRANSACTION

SUCCESSFUL TENDER FOR ACQUIRING TIANPING COLLEGE OF SUZHOU UNIVERSITY OF SCIENCE AND TECHNOLOGY

The Board is pleased to announce that the Bidder, one of the consolidated affiliated entities of the Company, received the Tender Confirmation dated 22 July 2019 confirming that its bid was successful in respect of the Proposed Acquisition.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Proposed Acquisition is expected to be more than 25% but all applicable percentage ratios are less than 100%, the Proposed Acquisition will constitute a major transaction for the Company and is therefore subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the Proposed Acquisition. As such, no Shareholder is required to abstain from voting on the resolution(s) if a general meeting is convened to approve the Proposed Acquisition. Pursuant to Rule 14.44 of the Listing Rules, in lieu of resolution(s) to be passed at a general meeting of the Company, a written approval has been obtained from Chunlai Investment on approving the Proposed Acquisition and entering into the Formal Agreement. Chunlai Investment controls 900,000,000 Shares, representing approximately 75.00% of the issued share capital of the Company as at the date of this announcement. As a result, no general meeting will be convened to consider the Proposed Acquisition.

The Formal Agreement is expected to be entered into with Suzhou University of Science and Technology and the Foundation within 30 days upon the issue of the Tender Confirmation. The Company shall make further announcement in respect of the Proposed Acquisition and the terms of the Formal Agreement as and when appropriate.

In addition, a circular containing, among other things, further details relating to the Formal Agreement and the Proposed Acquisition, and the financial information of Tianping College shall be despatched to the Shareholders as soon as possible after the execution of the Formal Agreement.

DETAILS OF THE TENDER

Suzhou University of Science and Technology engaged a third party tendering platform to publish a tender dated 24 June 2019 for the purpose of selecting a candidate to change the school sponsor operating Tianping College, with the eventual goal of converting Tianping College into a standalone school owned and operated solely by the new school sponsor. As specified in the tender documents, the new school sponsor is required to provide all the operational funding for converting Tianping College into a private ordinary college.

On 16 July 2019, the Bidder submitted a tender application. On 22 July 2019, the Bidder received the Tender Confirmation, confirming that its bid was successful in respect of the Proposed Acquisition. It is required to pay an initial payment of RMB400,055,550 (equivalent to approximately HK\$454,423,099) under the Tender, which represents 50% of the Consideration and shall be applied towards the Consideration, subject to the final terms of the Formal Agreement. Such initial payment shall be paid to Suzhou University of Science and Technology by 24 July 2019.

The Consideration was determined after taking into account, among others, (i) the experience accumulated by Tianping College in school management and operation; (ii) the reputation and education quality of Tianping College; (iii) the number of students of and the tuition and boarding fees charged by Tianping College; and (iv) the value expected to be generated by the Group through operating Tianping College. The Proposed Acquisition will be financed partly by proceeds from the global offering of the Company conducted in September 2018 and allocated for acquisitions, loans obtained from external financial institution and internal resources of the Group. The Directors are of the view that the Proposed Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

During the Preparatory Period for Conversion, if Tianping College uses the campus of Suzhou University of Science and Technology, the Group shall pay to Suzhou University of Science and Technology 30% of the tuition and boarding fees of Tianping College per annum, being the fee for using the facilities of Suzhou University of Science and Technology, including but not limited to classrooms, laboratories, library and office buildings.

The payment terms and other terms and conditions in respect of the Proposed Acquisition shall be further agreed with Suzhou University of Science and Technology and the Foundation in the Formal Agreement. The Formal Agreement is expected to be entered into within 30 days upon the issue of the Tender Confirmation. The Company shall make further announcement in respect of the Proposed Acquisition, the terms of the Formal Agreement and the cooperation with Suzhou University of Science and Technology during the Preparatory Period for Conversion, as and when appropriate.

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

The Group considers that this opportunity is in line with its acquisition strategy. Tianping College is a well-known undergraduate college located in Jiangsu province, China. Its excellent location, and professionalism can form a strong synergy with our existing schools. The Group also believe that this opportunity is consistent with our business strategy of acquiring or investing in undergraduate colleges to expand our school network and to capture market opportunities, which will further strengthen our market position as a leading provider of private higher education in China.

INFORMATION OF THE PARTIES

Suzhou University of Science and Technology

Suzhou University of Science and Technology is a state-operated university in Jiangsu province, the PRC, providing full-time undergraduate programmes and post-graduate programmes.

The Foundation

The Foundation was officially registered on 2007 with the Provincial Department of Education and the Civil Affairs Department. It is a non-public fundraising foundation. Its business scope is to accept government funding and social donations, support financially disadvantaged students, reward outstanding teachers and students and support construction of schools.

Tianping College

Tianping College began accepting students in September 2000 and became an independent college in 2005. It is an independent college jointly sponsored, organized and funded by Suzhou University of Science and Technology and the Foundation to teach full-time undergraduate students.

GENERAL INFORMATION

The Bidder is a limited liability company established in the PRC and is a consolidated affiliated entity of the Company.

The Group is a leading provider of private higher education in China. Since the Group's inception in 2004, it has grown to operate three colleges in Henan Province, and participate in the operation of one college in Hubei Province.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Suzhou University of Science and Technology and the Foundation and their respective ultimate beneficial owner is a third party independent of the Company and its connected persons (as defined in the Listing Rules).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Proposed Acquisition is expected to be more than 25% but all applicable percentage ratios are less than 100%, the Proposed Acquisition will constitute a major transaction for the Company and is therefore subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the Proposed Acquisition. As such, no Shareholder is required to abstain from voting on the resolution(s) if a general meeting is convened to approve the Proposed Acquisition. Pursuant to Rule 14.44 of the Listing Rules, in lieu of resolution(s) to be passed at a general meeting of the Company, a written approval has been obtained from Chunlai Investment on approving the Proposed Acquisition and entering into the Formal Agreement. Chunlai Investment controls 900,000,000 Shares, representing approximately 75.00% of the issued share capital of the Company as at the date of this announcement. As a result, no general meeting will be convened to consider the Proposed Acquisition.

The Formal Agreement is expected to be entered into with Suzhou University of Science and Technology and the Foundation within 30 days upon the issue of the Tender Confirmation. The Company shall make further announcement in respect of Proposed Acquisition and the terms of the Formal Agreement as and when appropriate. In addition, a circular containing, among other things, further details relating to the Formal Agreement and the Proposed Acquisition, and the financial information of Tianping College shall be despatched to the Shareholders as soon as possible after the execution of the Formal Agreement.

As the Proposed Acquisition is subject to the final terms and the execution of the Formal Agreement, it may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Bidder”	a limited liability company established in the PRC and a consolidated affiliated entity of the Company
“Board”	the board of Directors of the Company
“Chunlai Investment”	Chunlai Investment Co., Ltd (春來投資有限公司), a company incorporated in the British Virgin Islands and a Controlling Shareholder of the Company
“Company”	China Chunlai Education Group Co., Ltd. (中國春來教育集團有限公司), an exempted company with limited liability incorporated in the Cayman Islands on 15 November 2017
“Consideration”	the total consideration of RMB800,111,100 (equivalent to approximately HK\$909,217,159) payable by the Bidder under the Tender Confirmation

“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Formal Agreement”	the formal agreement expected to be entered into with Suzhou University of Science and Technology and the Foundation within 30 days upon the issue of the Tender Confirmation in respect of the Proposed Acquisition
“Foundation”	Suzhou University of Science and Technology Education Development Foundation* (蘇州科技大學教育發展基金會)
“Group”	the Company, its subsidiaries and its consolidated affiliated entities
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended and supplemented from time to time)
“PRC” or “China”	People’s Republic of China
“PRC Holdco”	Henan Chunlai Education Technology Co., Ltd. (河南春來教育科技有限公司), a limited liability company established in the PRC on 1 August 2017 and one of our consolidated affiliated entities
“Preparatory Period for Conversion	the period from the date of the Formal Agreement to the date on which Tianping College is approved by the relevant authorities in the PRC as a standalone private ordinary college without the name of Suzhou University of Science and Technology
“Proposed Acquisition”	the proposed acquisition of the school sponsor interest of Tianping College in addition to the right and obligation to convert Tianping College into a standalone private ordinary college owned and operated solely by the Group through a tender process subject to the final terms and execution of the Formal Agreement
“RMB”	Renminbi, the lawful currency of the PRC

“Shares”	ordinary share(s) in the Company
“Shareholders”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suzhou University of Science and Technology”	Suzhou University of Science and Technology* (蘇州科技大學)
“Tender”	the tender issued by Suzhou University of Science and Technology to for the purpose of selecting a candidate to change the school sponsor operating Tianping College, with the eventual goal of converting Tianping College into a standalone private ordinary college
“Tender Confirmation”	the Tender Confirmation dated 22 July 2019 for confirmation of the Bidder’s successful bid to be the new school sponsor to operate Tianping College
“Tianping College”	Tianping College of Suzhou University of Science and Technology* (蘇州科技大學天平學院), an independent college of Suzhou University of Science and Technology whose school sponsor’s interest is jointly owned by Suzhou University of Science and Technology and the Foundation as of the date of this announcement

* *The English translation of company names in Chinese is for identification purposes only. If there is any inconsistency between the Chinese names of entities or enterprises established in China and their English translations, the Chinese names shall prevail.*

Unless otherwise specified in this announcement, amounts denominated in RMB have been converted into Hong Kong dollars at the rate of HK\$1.00 = RMB0.88. This exchange rate is for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be converted at the above rate or any other rates.

By Order of the Board of Directors
China Chunlai Education Group Co., Ltd.
Hou Junyu
Executive Director

Hong Kong, 23 July 2019

As at the date of this announcement, the Board comprises Mr. Hou Junyu as executive Director and chief executive officer, Ms. Jiang Shuqin as executive Director, Mr. Hou Chunlai as non-executive Director and chairman, and Dr. Jin Xiaobin, Ms. Fok, Pui Ming Joanna and Mr. Lau, Tsz Man as independent non-executive Directors.